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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

Adv. Pro. No. 08-01789(SMB)

SIPA Liquidation
(Substantially consolidated)

SECURITIES INVESTOR PROTECTION
CORPORATION,

PLAINTIFF,

-vs-

BERNARD L. MADOFF INVESTMENT
SECURITIES, LLC,
DEFENDANT.

/

IN RE:

BERNARD L. MADOFF,

DEBTOR.

/

CONFIDENTIAL

REALTIME DEPOSITION OF
ANNETTE BONGIORNO

Pages 1 through 270

Friday, July 8, 2016
8:34 a.m. to 3:15 p.m.

Federal Correctional Institution Coleman Medium
846 NE 54th Terrace
Sumterville, Florida 33521

Stenographically Reported By:
Elizabeth A. Speer, CRR, RMR, FPR,
Realtime Systems Administrator

BENDISH REPORTING

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1 Q. And how would the profit that you just
2 described be sent to the customer?

3 A. I'm sorry.

4 Q. That's okay. How would the profit that you
5 just described, how would that be sent to the customer?

6 A. Oh. Ninety-nine percent of the time by mail.

7 Q. Okay.

8 A. Sometimes he did wires for them.

9 Q. When you say "by mail," what was the format
10 of the funds?

11 A. It was a check.

12 Q. Miss Bongiorno, I'd like to take just a step
13 back to when you were describing profit withdrawals.
14 You testified that if a client requested to receive any
15 profits in their account --

16 A. Uh-huh.

17 Q. -- then they would receive a profit
18 withdrawal.

19 A. Right.

20 Q. Is that correct?

21 A. That's correct.

22 Q. And how would a client request to receive
23 profit withdrawals?

24 A. When we opened accounts for anybody, that was
25 one of the questions, that was one of the things that

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1 was determined before even a trade was done. When
2 they -- how were they going to fund it. Usually with a
3 check, or a wire transfer later on. And did they want
4 their profits on the account reinvested or did they
5 want it sent to them.

6 Q. Okay.

7 A. So if the client said they wanted their
8 profits, that's when we would send out a profit check.

9 Q. And this was done when they opened their
10 account.

11 A. It was agreed upon between the customer and
12 my boss before the account was even opened. Not that
13 it couldn't have changed. I'm sorry, it could have
14 changed. They could have changed their mind two,
15 three years later, but that was how it was agreed upon
16 opening the account.

17 Q. Okay. When you say your boss, you mean
18 Mr. Madoff.

19 A. Mr. Madoff.

20 Q. Okay. And I want to stick right now with
21 just the time period of when the initial decision is
22 made about profits. We can get to any changes that the
23 customer may have made later.

24 A. Okay.

25 Q. But just sticking right now with the initial

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1 election.

2 A. Uh-huh.

3 Q. So the customer would determine -- would the
4 customer determine whether they wanted their profits
5 sent or reinvested?

6 A. I would say yes. They had that choice. In
7 some cases Mr. Madoff decided we're going to do that.

8 Q. Okay. And sticking with the -- sticking with
9 the customers who made that choice, how would they
10 communicate that to BLMIS, that choice?

11 A. Well, I guess they would just discuss it with
12 him. And then I would be given instructions.

13 Q. When you say they would "discuss it with
14 him," you mean discuss it with Mr. Madoff?

15 A. Yes.

16 Q. And they would discuss it with him over the
17 phone?

18 A. Or in person. I think most of the customers
19 came up in the beginning to discuss their account with
20 him.

21 Q. Uh-huh. Did you have any discussions with
22 customers about the decision as to whether they would
23 reinvest or have their profits sent to them?

24 A. Most of the time, no. But sometimes I would
25 confirm with them. I didn't always speak to a customer

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1 right away. So --

2 Q. And you would -- how would you confirm with
3 them?

4 A. Just over the phone.

5 Q. So let's stick with the examples where
6 Mr. Madoff and the -- the decision was made between
7 Mr. Madoff and the customer.

8 A. Uh-huh.

9 Q. What would happen after the customer and
10 Mr. Madoff communicated? What would happen next?

11 A. Well, he would give me the instructions, and
12 I would make note of it on an account page that I had.
13 Once we were automated, it would be on a page that went
14 to the keypunch operators, and it would be punched and
15 put into the computer.

16 Q. Was there -- when an account was opened at
17 BLMIS, was there a default as to whether or not an
18 account was set up as a send account or a reinvest
19 account?

20 A. A default? You know, if he didn't remember,
21 he might have said to me call them up and ask them what
22 they wanted, you know. Is that what you mean?

23 Q. Yes. I mean, was there -- without any
24 particular instruction, was there a way that accounts
25 were set up? Sorry, that's not a very good -- strike

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1 that.

2 Did --

3 A. So you mean if I didn't know, what would I
4 do? How would I write it down?

5 Q. Yes.

6 A. I probably wouldn't. I would have to ask
7 somebody.

8 Q. And who you would ask?

9 A. I would ask my boss, first of all. And he
10 would either remember or he would tell me to call them.
11 You know, a lot of this was just all done verbally. I
12 don't think there was a form for that in the beginning.
13 I don't think there was ever a form for that.

14 Q. And a "form for that," what are you referring
15 to?

16 A. Meaning the customer wouldn't have a form to
17 fill out that said send it or not. I don't remember
18 there ever being a form like that. It was all, you
19 know, just by communication, by -- verbally.

20 Q. And all -- the election that you described
21 was made when the account was opened.

22 A. Yes.

23 Q. Okay.

24 A. Can I add something?

25 Q. Yes.

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1 A. There came a certain time where every account
2 he wanted the profits to go out on.

3 Q. Just when you say "to go out on," you mean to
4 be sent?

5 A. Yes, yes.

6 Q. Okay. And when was that time?

7 A. We were at 885 Third Avenue already. No --
8 yes, yes. We were at 885 Third Avenue already at that
9 point, and every new account was going to be a send.

10 Q. Okay.

11 A. If that's what you meant by default.

12 Q. Yes.

13 A. But he would always discuss that with the
14 customer, too, first.

15 Q. And he would have those discussions over the
16 phone?

17 A. Yes.

18 Q. And you testified that when Mr. Madoff gave
19 you instructions you would make a note of it on an
20 account page.

21 A. Uh-huh.

22 Q. What was that form called, if you recall?

23 A. We didn't have a name for it in the early
24 days. It was just a piece of ledger paper. Their name
25 was on top. Their account number was on top -- when we

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1 got account numbers, because we didn't always have
2 account numbers. And then on top we would write an R
3 or an S for, you know, reinvest or send. It was a
4 ledger. It looked like a ledger sheet.

5 Q. Okay. And did that form change over time?

6 A. Yes. Over time it became a typewritten form
7 that went into the computer room.

8 Q. Uh-huh. And how would you -- on the form
9 that was typewritten, how would you indicate whether it
10 was a send account or a reinvest account?

11 A. We would either circle the S or we would make
12 an S if it was a send. And same thing with the R if it
13 was a reinvest.

14 Q. Okay. And once you wrote down on that sheet
15 that it was a send or a reinvest, what would happen?

16 A. Well, once it was programmed, it would
17 automatically track every trade and give us lists of
18 these checks that were going to be going out and
19 approximately when they were going to be going out.

20 Q. If an account was marked as a send account,
21 would it receive its profits automatically?

22 A. Yes.

23 Q. Would the customer need to write a letter to
24 BLMIS in order to receive its profits?

25 A. No.

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1 Q. If an account was marked as a reinvest
2 account, would those profits be reinvested
3 automatically?

4 A. Yes.

5 Q. And would the customer need to write to BLMIS
6 in order to have its profits reinvested?

7 A. No. Typically, no. If it was set up as a
8 reinvest, it would automatically be done. There were
9 times customers wanted their profit checks but then
10 wanted to maybe reinvest it. In those cases, we would
11 send the check out. They'd have to cash it and send us
12 a check back.

13 Q. Okay.

14 A. We didn't automatically change what was
15 written from the beginning.

16 Q. All right. So this may be a good time to
17 discuss the process for changes.

18 A. Okay.

19 Q. So up until now we've been discussing the
20 initial election to have the account be a send or a
21 reinvest account.

22 A. Uh-huh.

23 Q. So let's say an account is set up as a send
24 account and the customer wants to change that. They
25 would like to have their profits reinvested. What

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1 would a customer need to do?

2 A. Well, usually they'd call me.

3 Q. Uh-huh.

4 A. I mean, it didn't happen all the time. But
5 when it did happen, they'd call me. I would make sure
6 they spoke to Mr. Madoff about it. And they would make
7 the decision between the two of them.

8 And then if they decided verbally to change
9 it, once we were on computer they had to send me a
10 letter. And when I got the letter in, I would have the
11 girls go into the computer and change it from an S to
12 an R.

13 Q. Okay. And if a -- the opposite scenario
14 happens, so a customer had an account that was set up
15 as a reinvest and they wanted to change it to a send,
16 what would a customer need to do in that instance?

17 A. Same exact thing. First get the okay from
18 Bernie and then send me a letter.

19 Q. But at the time an account was set up, did a
20 customer have to write a letter to have its account be
21 marked as a send or reinvest?

22 A. No.

23 Q. Are you familiar with the code CW?

24 A. Yes.

25 Q. And what is a CW?

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1 relating to customer accounts were automated.

2 A. Towards the end of our stay there, yes.

3 Q. And then at 885 Third Avenue --

4 A. Right.

5 Q. -- did BLMIS use an AS/400?

6 A. Yes.

7 Q. What was the AS/400 used for with regard to
8 investment advisory accounts?

9 A. Oh, everything, every ticket, every
10 statement, every check, every blotter, everything.

11 Q. What's a blotter?

12 A. It's just a page that shows everything
13 bought, sold, all the trades. Every bit of information
14 that is involved in every single trade.

15 Q. And were the blotters used internally?

16 A. I don't even know if they -- sorry. I don't
17 even know if they use that term anymore. But that's
18 the term I learned from the beginning, so I still use
19 it.

20 Q. Okay. Were the blotters used internally at
21 BLMIS?

22 A. Yes.

23 Q. And did the blotters go to customers?

24 A. No.

25 Q. What were the documents that were created by

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1 the AS/400 that went to customers?

2 A. Confirmations, statements, checks, memos. I
3 think that's it.

4 Q. And just focusing on the checks for a moment.

5 How were the checks at BLMIS generated during the time
6 period that you were at 885 Third Avenue?

7 A. Third Avenue, okay. That was when we were
8 completely on computer, because we started slowly. But
9 checks started, I believe, when we were on Third
10 Avenue.

11 So we would give them a list and they
12 would -- with the name of the account, the number, the
13 amount of the check, and the code, whether it was a PW
14 or a CW. And we would hand that to the girls in the
15 computer room. Dorothy Kahn, Alethea Mui, they would
16 punch it in.

17 When the checks came out they would go into
18 the mailroom. They would be sorted and bursted,
19 folded, and put in envelopes and sent out from the
20 mailroom.

21 Q. Who created the list that you just described
22 that you gave to the keypunch operators?

23 A. We all did. The -- when we were automated
24 and the profit withdrawn for the arbitrage accounts
25 were automated, the computer would already have that

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1 list.

2 But if a customer called and said, you know,
3 I need a check for whatever, and followed up with the
4 letter, I would put it in a book. And Jodi would do
5 that and Frank would do that. Whoever got the phone
6 call and whoever was taking care of that transaction
7 would list it. And then that would go into the
8 computer room and the girls would punch that up.

9 Q. I'm going to show you what's been previously
10 marked as Trustee Exhibit 61. Take the clip off if
11 it's easier for you. Not sure if that's easier.

12 A. Let's leave it on for the time being.

13 Q. Ms. Bongiorno, do you recognize this
14 document?

15 A. You want me to look through the whole thing
16 and tell you if I recognize it?

17 Q. Uh-huh.

18 A. Oh, yep. This was what we called our check
19 out book.

20 Q. Okay. And what is a check out book?

21 A. This is where we would list the checks that
22 had to go out to the customers, all checks.

23 Q. And when you say "we," can you be specific as
24 to who would make entries into this book?

25 A. Sure. I would. Joann DiPascali would. When

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1 A. Okay.

2 Q. If I could turn your attention to the page
3 ending with -- sorry, the page with the Bates number
4 HWN00001528.

5 A. 28. Okay.

6 MR. DEXTER: Do you have another copy of
7 that exhibit?

8 MS. BROWN: I don't. It's so large I
9 just only brought three.

10 BY MS. BROWN:

11 Q. Do you see a date on the top of the page
12 ending in 28?

13 A. I do. It says 3/28/91.

14 Q. And is March 28, 1991, consistent with your
15 understanding of when BLMIS used the check out book?

16 A. Yeah.

17 Q. And did you use what's been marked as Trustee
18 Exhibit 61 while you were employed at BLMIS?

19 A. The check out book? Yes.

20 Q. And did BLMIS use -- other than the one I've
21 put before you that's been marked as Trustee
22 Exhibit 61 -- did BLMIS use similar notebooks to track
23 checks out?

24 A. Checks out? Well, we would get something
25 from the computer once the checks were done. Is that

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1 what you mean?

2 Q. No. Let me rephrase my question.

3 In addition to this particular notebook
4 that's been marked as Trustee Exhibit 61 --

5 A. Right.

6 Q. -- did BLMIS have additional notebooks, other
7 than this one particular notebook?

8 A. No. The only other thing that I would say we
9 did have is, when the arbitrage accounts were open, is
10 the list that would come off the computer.

11 Q. Okay.

12 A. So that would be also a check out form, I
13 guess you would call it.

14 MR. RIOPELLE: I think what Miss Brown
15 is asking is, did you ever fill up one of
16 these books?

17 THE WITNESS: Oh, yeah.

18 MR. RIOPELLE: Did you buy a new one and
19 start over when you did that?

20 THE WITNESS: Yes.

21 MR. RIOPELLE: Okay. That's all.

22 THE WITNESS: I lost you there. I'm
23 sorry.

24 MR. RIOPELLE: That happens.

25 And just in terms of your using this

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1 been a 30 and a 40. The options would go in the 40.

2 The 30 would hold the long positions.

3 Q. Do you think that the phasing out the dash
4 one accounts occurred before 2000?

5 A. I don't know if we could find out when Joann
6 Sala left. They were phased out not too much after she
7 left.

8 Q. Okay. Within a year or two of when she left?

9 A. I would say probably within a year of her
10 leaving.

11 Q. Okay.

12 A. Just guessing.

13 Q. Miss Bongiorno, you just testified about the
14 accounts transitioning to the options trading at some
15 point.

16 A. Uh-huh.

17 Q. And how did the -- or did the payment of
18 profits change after the accounts switched to options
19 trading?

20 A. I don't know.

21 Q. Did you work with the accounts after they
22 switched to options trading?

23 A. No.

24 Q. No?

25 A. No, I did not.

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1 Q. Okay. So just going back a little bit to
2 when a customer opened their account. Did BLMIS create
3 any type of folder for the customer when they opened an
4 account?

5 A. Yes.

6 Q. And that was an internal folder maintained by
7 BLMIS?

8 A. Yes. Uh-huh.

9 Q. And who would create the folder?

10 A. I would. Or Frank would, or Jodi. Whoever
11 was opening the account for them.

12 Q. And where were the customer folders kept?

13 A. In a file cabinet outside of my office. They
14 were kind of, like, all over the place.

15 Q. Were they all on one floor?

16 A. In the last part of the time at Madoff, yes.

17 Q. When you went to 885 Third Avenue were the
18 folders kept on the 17th floor?

19 A. Yes. When we went to the 17th floor we
20 brought them with us.

21 Q. And what were the folders used for?

22 A. They held the new account form, which is the
23 form we filled out. They held trading authorization
24 form, customer agreement form, tax ID form.

25 Q. If you received letters from customers, where

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1 would the letters go?

2 A. The letters would go in there as well.

3 Q. Let me show you what's been marked as Trustee
4 Exhibit 23.

5 Miss Bongiorno, do you recognize the document
6 marked as Trustee Exhibit 23?

7 A. Yes.

8 Q. And what is that document?

9 A. This is the name and address form.

10 Q. So you're --

11 A. You know, this is the form we used to open
12 accounts.

13 Q. And are you referring to the page ending in
14 2330?

15 A. Yes. Oh, no, 330.

16 Q. Right.

17 A. Yeah.

18 Q. The page with AMF00162330?

19 A. Yes.

20 Q. Okay. And just looking at the document in
21 its entirety, so the entire document marked as Trustee
22 Exhibit 23, rather than just focusing on that one page,
23 what is that document generally?

24 MR. RIOPELLE: Look at it first.

25 A. That's the folder it's kept in.

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1 Q. Okay.

2 A. That's --

3 Q. Okay. Is this the customer folders that you
4 were --

5 A. Yes.

6 Q. Is this an example of the customer folders
7 you were describing?

8 A. Yes, it is.

9 Q. And does this look like the type of customer
10 folders that you worked with when you were employed at
11 BLMIS?

12 A. Yes.

13 Q. And are these the type of customer folders
14 that were maintained near your office?

15 A. Yes.

16 Q. Okay. So turning to the page that you were
17 looking at, which is the page ending in 162330 --

18 A. Right.

19 Q. -- what is this document?

20 A. This is a new account form.

21 Q. And what was this form used for by BLMIS?

22 A. To open an account and to put the information
23 down that was important to the account.

24 Q. Would a BLMIS employee fill this form out?

25 A. Yes.

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1 Q. And would the customer see this form?

2 A. No.

3 Q. And when would this form be filled out?

4 A. Before the account is opened.

5 Q. And where would you get the information to
6 fill this form out?

7 A. From the customer.

8 Q. And would they give it to you over the phone?

9 A. Most of the customers would come up and
10 they'd give it to Mr. Madoff and he'd give it to me.
11 The last few years a lot of this was done over the
12 phone. But not in the early days. Certainly not back
13 then when this was a 10.

14 Q. So was this information provided to you --

15 A. By the customer.

16 Q. And that was done --

17 A. Or provided to Mr. Madoff by the customer.

18 Q. I see. Did you ever receive a letter with
19 this information for a customer in order to fill this
20 form out?

21 A. Sometimes.

22 Q. In most cases, this information either came
23 from the customer or Mr. Madoff. And would you say in
24 most cases that was verbally, that information was
25 provided verbally?

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1 A. Well, I'm sure somebody wrote it down, wrote
2 the address down and the correct spelling of the name
3 and whatnot, but yeah. And we sent out a form for them
4 also to fill out. This was a new account card. The
5 customer had to fill this out.

6 Q. Okay. Let the record reflect the witness is
7 referring to the page AMF00162335. So the page ending
8 in 335 is a what?

9 A. It's a form that the customer filled out. It
10 was actually a card, I believe --

11 Q. Uh-huh.

12 A. -- in the early days. I don't know what it
13 changed to. I don't remember. But it's also this one,
14 2334, the back of the card.

15 Q. Okay. And that's a document that the
16 customer would fill out.

17 A. Yes.

18 Q. So turning back to the page ending in 330.

19 A. Oh. Okay.

20 Q. So lines 1 through 4 that are the second box
21 down, what is that information?

22 A. That's the customer's name and address.

23 Q. Okay. And do you recognize the handwriting
24 on this page, just on lines 1 through 4?

25 A. I think it's -- I'm not really sure.

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1 Q. Okay.

2 A. I think it might be Jodi's, but I don't know
3 for sure.

4 Q. Okay. And then looking at the next set of
5 boxes, underneath --

6 A. Uh-huh.

7 Q. -- starting with a short name, what is a
8 short name.

9 A. Just -- it was just used in the office so
10 that we didn't have to remember everything when we
11 wanted to pull up an account real quick. So we just
12 abbreviated a name. In his case it was his whole name
13 because his name was short. Or her name.

14 Q. And what is a group name?

15 A. That's the connection that Bernie had to
16 them.

17 Q. Okay.

18 A. So in other words, he came in on his own.
19 Just -- I don't know if he was a -- she was a friend of
20 Bernie's or whatever. But some of them you'll see
21 another name, you'll see Avellino or you'll see Alpern
22 or you'll see Chais. In cases like that, that's who
23 brought the customer in.

24 In this case he came in -- she came in on her
25 own. Hanoh, I assume, is a woman; right? Okay,

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1 whatever.

2 Q. I think so. And then looking under -- do you
3 see the page where it says, "profits, dividends,
4 interest"?

5 A. Yes.

6 Q. And so what is -- and then it says "Note,
7 call in, send, S equals send, R equals reinvest." What
8 does that form mean?

9 A. This means, as far as profits go, they -- he
10 wanted his profits or she wanted her profits.

11 Q. Okay.

12 A. Typically if there was just one S, it went
13 through the whole thing.

14 Q. So when you say "through the whole thing,"
15 you mean all of the little blanks under profits,
16 dividends and interest would be filled out?

17 A. Yes. We just put S. But very, very rarely
18 did it change. So if they saw just the S, they'd fill
19 in -- they meaning the girls who punched this into the
20 computer -- would just put S's all through all the way
21 down.

22 Q. Okay. So what is the S here? What does that
23 tell you about this account?

24 A. That we're going to be sending out the
25 profits.

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1 Q. And based on your review of this document,
2 was the account set up that way?

3 A. Yes.

4 Q. So this form, the account is, you know -- I
5 think what you've described so far is that the customer
6 would in some ways speak with Bernie or somehow open
7 the account and then this form would be filled out.

8 A. That's right.

9 Q. And then what would happen next? During the
10 time period where it was automated, what would happen
11 after this form was filled out?

12 A. Well, Bernie would tell us when we could
13 start trading. We'd also send out these papers, the
14 other papers that are in here. We'd send out trading
15 authorizations and trading agreements, option
16 agreements, whatever pertains to the account.

17 Once we got all the paperwork back, we
18 would -- he would tell us that, you know, we could
19 start trading for them. But I'm noticing here there's
20 a note.

21 Q. Okay.

22 A. That's my note. This person did not send
23 back a tax ID form.

24 Q. Okay.

25 A. And when I spoke to Bernie, Bernie said that

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1 this person -- I don't know if -- I don't know why he
2 okayed it. But, look, Bernie said it's okay that he
3 never returned his tax ID form.

4 Q. Let me -- the witness is referring to
5 AMF00162333.

6 So Miss Bongiorno, where on this page is your
7 handwriting?

8 A. So -- in the box.

9 Q. In the box in the upper right corner?

10 A. Yes. And see this little A at the bottom?
11 That's my initial.

12 Q. Okay. So turning back to the page ending
13 2330, the name and address form.

14 A. Okay. Uh-huh.

15 Q. So there's an S on the bottom part of the
16 page under profits. And tell me again what that means
17 to you.

18 A. The S means that we are sending his profits
19 out to him, or her.

20 Q. And would this customer need to have a letter
21 in the file in order to receive profits?

22 A. No. Huh-uh.

23 Q. Other than this form that we're looking at on
24 the page ending in 330, where else was the information
25 about to send or reinvest recorded at BLMIS?

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1 A. Where else was it recorded?

2 Q. Was it stored in the computer system?

3 A. Oh, yes. This page was written up to go into
4 the computer system.

5 Q. So the send or reinvest notation would also
6 be maintained in the computer system.

7 A. Yes. And that's -- remember we talked about
8 it being automated, the arbitrage being automated.
9 When it was automated, the computer would look at the
10 account number, see the S and know to print the check
11 out.

12 Q. Okay. We're done with that exhibit for now.

13 So Ms. Bongiorno, I place before you Trustee
14 Exhibits 27, 28 and 29 for your review. And I want you
15 to take a look at the statements while I pass out the
16 copies. And the transactions I'd like to ask you about
17 relate to Cardinal Health.

18 A. Okay.

19 Q. Just give me one second.

20 Ms. Bongiorno, are you ready?

21 A. Yeah.

22 Q. Starting with Trustee Exhibit 29.

23 A. Okay.

24 Q. Do you recognize this document?

25 A. Yes.

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1 Q. And what is it?

2 A. It's a statement.

3 Q. And what -- what customer name and account
4 number is this statement for?

5 A. Hanoh Charat.

6 Q. Hanoh Charat, C-H-A-R-A-T. And the first
7 name is Hanoh, H-A-N-O-H.

8 And what was Charat's account number?

9 A. 1C104710.

10 Q. And this is an example of the dash one
11 accounts we were discussing before?

12 A. Yes.

13 Q. And Miss Bongiorno, do you see any
14 transactions in this month relating to Cardinal Health?

15 A. Yes, I do.

16 Q. And what transactions do you see?

17 A. I see 2,444 shares of Cardinal Health, Inc --

18 Q. Okay.

19 A. -- at 87 and a half.

20 Q. And what kind of transaction is that?

21 A. It's a buy.

22 Q. And what date did that transaction occur?

23 A. October 20th. That's usually a settlement
24 date.

25 Q. Okay. And -- okay. Is the information that

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1 we see in Trustee Exhibit 29, is this information that
2 would have been printed and stored in the AS/400?

3 A. Yes.

4 Q. And turning to Trustee Exhibit 27.

5 A. Okay.

6 Q. And do you recognize this document?

7 A. Yes, I do.

8 Q. And what is it?

9 A. It's an account statement.

10 Q. For the -- which account?

11 A. Hanoh Charat. For November, 1C1047-10.

12 Q. Okay. That's November 1998?

13 A. Yes.

14 Q. And then sticking with the earlier part of
15 the month, what transactions do you see in Cardinal
16 Health?

17 A. I see sales for 2,100 shares and 1,566
18 shares. I see a stock split in it.

19 Q. And what date did those transactions you just
20 described occur?

21 A. November 5th.

22 Q. And do you see any other transactions in
23 November of '98 in Cardinal Health for the month of --
24 or, sorry -- for the account of Hanoh Charat?

25 A. I see on November 25th a profit check went

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1 Q. Uh-huh.

2 A. When the arbitrage accounts closed and the
3 option accounts opened, they opened new account
4 numbers. So this 48 -- this account went into options
5 in April of '96.

6 Q. Okay. Sticking with the account number that
7 used to be 100254 and then became 1B022, based on your
8 review of this form, did the send or reinvest
9 designation change for this account?

10 A. No.

11 Q. Miss Bongiorno, do you know Aaron Blecker,
12 the customer whose account we're looking at?

13 A. Do I know him personally?

14 Q. Are you familiar with him?

15 A. I know the name. I've seen the name and
16 heard the him. But I don't know him personally. I
17 don't remember speaking to him all that often either.

18 Q. Do you remember speaking to him at all?

19 A. No.

20 Q. Do you remember ever meeting him?

21 A. No.

22 Q. I'm going to show you what's been marked as
23 Trustee Exhibit 41.

24 Miss Bongiorno, do you see any profit
25 withdrawal transactions on July 11th?

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1 A. Yes.

2 Q. And what is that transaction?

3 A. It says "check HealthSouth, "and it's a
4 profit withdrawn for 3,230.02.

5 Q. Okay. And I'd like you to turn back to
6 Trustee Exhibit 61, which is this exhibit here.

7 A. Uh-huh.

8 Q. Looking at page that ends in 1655.

9 A. Oh. I just noticed something else on here.
10 Should I pass it up for now? 1655.

11 Q. I'm sorry. 1651.

12 A. 1651. Okay.

13 MR. RIOPELLE: Be easier to take that
14 off.

15 THE WITNESS: Okay. All right.

16 BY MS. BROWN:

17 Q. What did you notice, before we go any
18 further?

19 A. On this page?

20 Q. Yes.

21 MR. RIOPELLE: What exhibit are you
22 referring to there?

23 THE WITNESS: Exhibit 41.

24 BY MS. BROWN:

25 Q. Thank you.

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1 A. I noticed further down there's another check.

2 Q. Uh-huh.

3 A. Okay. This is telling me that someone called
4 and said they didn't get this check.

5 Q. Okay.

6 A. So a stop payment was placed on it. Because
7 you see cancelled check 711 on the 17th?

8 Q. Yes.

9 A. And we issued another check to send out. See
10 it on the 17th?

11 Q. Yes.

12 A. Okay.

13 Q. So let's just walk through that.

14 A. Sure.

15 Q. So the first transaction we see on the 11th
16 is what?

17 A. A profit withdrawn for 3,230.02 for the
18 profit on HealthSouth.

19 Q. Okay. And then the next transaction we see
20 relating to HealthSouth is what?

21 A. The 17th, July 17th.

22 Q. And what happens on the 17th?

23 A. It shows another check going out to
24 HealthSouth, profit withdraw for the same exact amount
25 of money, and on the same date a cancel for the check

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1 of 711.

2 That was typical if somebody ever called and
3 said, you know, we didn't get that check. It's on my
4 statement. I didn't get it. We would call the bank
5 and see if it was cashed. If it wasn't cashed, we'd
6 stop payment and issue a new check. That was the
7 system.

8 Q. And did customers often call if they didn't
9 receive their checks?

10 A. Well, if they didn't receive -- it didn't
11 happen often. But when it did happen, they would call
12 up and say they didn't receive it. Sure. If you see a
13 check on your statement or if you know a check is
14 coming because you've requested profit checks and you
15 don't get it, you call up and say, "What's going on?"

16 Sometimes the customer would make a mistake,
17 too. But in this case, if we cancelled the check,
18 that's because the bank said it was never cashed.

19 Q. Okay.

20 A. So we'd put the stop payment and issue a new
21 one.

22 Q. Thank you.

23 So turning to the page ending in 1651.

24 A. Uh-huh.

25 Q. And just focusing on the account 25410.

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1 A. Right.

2 Q. Do you see that?

3 A. Yes.

4 Q. And what's the -- what's the date and the
5 amount of the transaction that's listed in Trustee
6 Exhibit 61 on page ending in 1651?

7 A. I'm sorry. Say that again. On this page,
8 you want to know the check here? Where it is here?

9 Q. Uh-huh.

10 A. It's one, two, three -- the fourth one down.
11 Account number 10025410, profit withdrawn for
12 \$3,230.02.

13 Q. Okay. And the information you just read is
14 from Trustee Exhibit 61 on the page ending in 1651.

15 A. Correct.

16 Q. And that's the check out book?

17 A. Yes.

18 Q. And what's the date in the check out book of
19 the transaction that you just read?

20 A. July 17th.

21 Q. Okay. And turning to Trustee Exhibit 41, do
22 you see a corresponding transaction on the customer
23 statement?

24 A. Yes.

25 Q. And does the date and amount match on the

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1 customer statement to the information in the check out
2 book?

3 A. Yes.

4 Q. And what does that tell you about the checks
5 for Aaron Blecker?

6 A. It tells me that the check went out for that
7 amount.

8 MS. CHAITMAN: What page is the check
9 that they're focused on?

10 MR. RIOPELLE: It ends in 511651.

11 BY MS. BROWN:

12 Q. And if you can turn to 1655.

13 A. Uh-huh.

14 Q. And turn to Exhibit 61. And what's the
15 information that's on the page ending in 1655? What
16 does that relate to?

17 A. For this account?

18 Q. Or just generally. What's on the page ending
19 in 1655?

20 A. This says profit withdrawn for Liberty
21 National Bancorp.

22 Q. And on the page ending in 1655, do you see
23 any transactions that relate to the account that's
24 listed in Trustee Exhibit 41?

25 A. That would be Aaron Blecker. Yes, I do.

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1 Q. Okay. What's the amount of the transaction
2 shown in the check out box?

3 A. \$360.92.

4 Q. And what's the -- do you see a corresponding
5 transaction on Trustee Exhibit 41?

6 A. Where is it? What did I do with the -- yes,
7 I do.

8 Q. And do the dates and the amounts match
9 between the statement and the check out book?

10 A. I don't see a date here. Hang on one second.
11 No.

12 Q. Is the check out book missing a date for the
13 page 1655?

14 A. Yeah. There's no date on it.

15 Q. Okay. Other than the date, does the amount
16 of the transaction and the customer name match?

17 A. Yes.

18 Q. And based on your understanding of the check
19 out book, if a customer is listed in Trustee
20 Exhibit 61, does that book reflect payments that were
21 made to customers by check?

22 A. Yes.

23 Q. And does the statement for Mr. Blecker in
24 Trustee Exhibit 41 also reflect that he received a
25 check relating to profits in Liberty National?

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1 A. Yes.

2 Q. We're going to put the large exhibit, Trustee
3 Exhibit 61, away for now.

4 A. That's this one.

5 MS. BROWN: I'd like to mark this as
6 Trustee Exhibit 69. It bears the Bates
7 number MF00057516.

8 (Marked for identification
9 as Trustee Exhibit No. 69.)

10 MR. RIOPELLE: That's 61 you say?

11 MS. BROWN: It is 69.

12 BY MS. BROWN:

13 Q. Miss Bongiorno, what is the document that's
14 been marked as Trustee Exhibit 69?

15 A. This looks like a ledger sheet.

16 Q. Okay.

17 A. Or a statement. I mean, it's so similar.
18 This is definitely a ledger sheet though. I can see
19 from the bottom.

20 Q. And what's on the bottom that tells you it's
21 a ledger sheet?

22 A. The long and short position moneys. I don't
23 believe that's on a statement.

24 Q. Okay. And what is a ledger sheet?

25 A. It's an exact copy of the statement, but it

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1 has a little extra information on it.

2 Q. And the extra information that's displayed on
3 the bottom, those are the -- what are you referring to
4 exactly?

5 A. Right here where it says "long" and "short,"
6 it has "Anheuser-Busch" and it's got amounts of money
7 under the long and the short. That on the statement
8 you'll see security positions Anheuser-Busch, but you
9 won't see these moneys.

10 Q. So you won't see the amounts under long or
11 short?

12 A. That's right.

13 Q. So the amounts under long and short would
14 only be seen on ledger sheets which were used
15 internally?

16 A. Correct.

17 Q. But other than the amounts for long and
18 short, does this page look like what a statement would
19 have looked like?

20 A. With one other difference. Also where it
21 says "difference," these numbers would not be on a
22 statement.

23 Q. Okay.

24 A. So other than that, it's the, you know, the
25 mirror image of a statement.

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1 Q. Okay. Looking at the top of the document, do
2 you see the columns for debit and credit?

3 A. Yes.

4 Q. And what do those columns mean?

5 A. Well, the debit is what was sent out to him,
6 and the credit is his balance in this case.

7 Q. Okay. And where it says "balance forward,"
8 what does that mean?

9 A. That's the balance from the month before.

10 Q. Uh-huh. And two lines under that, "new
11 balance," what does that mean?

12 A. That's the balance after any transaction for
13 the month. There was one transaction in this account.

14 Q. Okay. And based on your review of this
15 statement, does it appear that the account's balance
16 went down by the amount of the profit withdrawal
17 transaction?

18 A. Yes.

19 Q. So the profit withdrawal transaction reduced
20 to the balance of the account?

21 A. Correct.

22 Q. And based on your understanding of profit
23 withdrawals, what does this transaction represent on
24 February 5th?

25 A. It says it's a check for Holiday Corp and

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1 it's a profit withdrawn for \$4,002.50.

2 Q. And where did that \$4,002.50 go?

3 A. To the customer.

4 Q. What's the account number for the statement
5 that we're looking at?

6 A. 100254-10.

7 Q. And that's the same account whose customer
8 folder we looked at in Trustee Exhibit 36?

9 A. Yes.

10 Q. And how was the account, 100254, how was it
11 set up? Was it set up to send or reinvest its profits?

12 A. Send the profits.

13 Q. Okay. And is this statement that we've
14 looked at in Trustee Exhibit 69 consistent with the
15 account being set up as a send account?

16 A. Yes.

17 Q. Would Mr. Blecker have to write to BLMIS in
18 order to receive a check for Holiday Corp profits --

19 A. No.

20 Q. -- in February of 1987?

21 A. No.

22 Q. He would be sent those profits automatically?

23 A. Yes.

24 MS. BROWN: I'd like to mark this as
25 Trustee Exhibit 70. For the record, Trustee

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1 Arthur and Sofie Blecker on the first line and line 4
2 the 50 Gristmill Lane in Great Neck, that's all me.
3 The line 2, Sofie Blecker, joint tenants, that is not
4 me. I have no idea who that was. Could be Joann.

5 Q. Okay. And turning to the bottom part of the
6 page where -- starting with short name?

7 A. Uh-huh.

8 Q. Whose handwriting is on the bottom?

9 A. Mine.

10 Q. And so that's your handwriting for short
11 name?

12 A. Yes.

13 Q. And Social Security number?

14 A. Yes.

15 Q. Group name?

16 A. That's me.

17 Q. And for the line that says "type 1" under
18 "profits, dividend, interest," is that your
19 handwriting?

20 A. Yep. That's me.

21 Q. And do you recall setting up this account?

22 A. No.

23 Q. Can you tell me how this account would have
24 been set up?

25 A. The same way they all get set up.

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1 Q. Okay.

2 A. Somebody asks -- they ask Bernie to open an
3 account and told us to set it up.

4 Q. Okay. How would the profits and -- I'm
5 sorry. Strike that.

6 How would this account be set up as a send
7 account?

8 A. With the "S." I guess she -- they wanted
9 their check or Bernie wanted to send them a check. I
10 don't know. Whatever.

11 Q. Would that -- the designation as a send be
12 done verbally --

13 A. Yes.

14 Q. -- between the customer and Bernie?

15 A. Yes.

16 Q. Would a letter be required in order to set up
17 the account as a send account?

18 A. No.

19 Q. Once the account is set up as a send account,
20 would the customer receive their profits?

21 A. Yes.

22 Q. And they would receive their profits
23 automatically?

24 A. Yes.

25 Q. And they would receive their profits without

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1 A. Only if he didn't get the check and he called
2 in to say he didn't get it.

3 Q. Looking at Trustee Exhibit 61, if you could
4 turn to the page ending in 1651. Miss Bongiorno, on
5 the page ending 1651, do you see any transactions for
6 the account 100215?

7 A. Yes.

8 Q. And what is that transaction?

9 A. The profit withdrawn for 12,364.06.

10 Q. And looking at the document with the page
11 ending in 1651, what does that page represent?

12 A. Checks that went out.

13 Q. And who would the checks be sent to?

14 A. Well, the person whose name is on it, Arthur
15 Blecker. Let me just say something. These are both
16 Blecker checks. The same thing happened to both
17 checks. So maybe they went out in the same envelope.
18 They might have had the same address. Because that's
19 what it looks like. It looks like the envelope went
20 missing and we had to issue new checks.

21 Q. Okay. The checks were issued for two
22 separate accounts though?

23 A. Yes, they were.

24 Q. All right. We're done with that exhibit.

25 I'm going to show you what's been marked

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1 Trustee Exhibit 39. Miss Bongiorno, do you know what
2 the document is that's been marked as Trustee
3 Exhibit 39?

4 A. It's an arbitrage portfolio management
5 report.

6 Q. And what is that?

7 A. Well, it was a way for Bernie to make sure
8 that the accounts were running around the range that he
9 assumed they would be running. I'm not very familiar
10 with this one, because I wasn't doing these arbitrages
11 at this point. But I'll help wherever I can.

12 Q. Have you seen an arbitrage portfolio
13 management report before today?

14 A. I probably did back in '92, whenever these
15 started. But I -- not for many years.

16 Q. Let's look at the account at the top, 1B0022.

17 A. Uh-huh.

18 Q. Are you familiar with what initial investment
19 means?

20 A. Yes.

21 Q. And what is that?

22 A. That's the initial amount that they started
23 the account with in January of this year. Excuse me.

24 Q. And the year of the document we're looking at
25 is what?

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1 A. '92.

2 Q. Do you want to take a break?

3 A. Okay.

4 Q. And just -- if we can go down the line. What
5 does capital additions refer to?

6 A. Checks that he sent in.

7 Q. And capital withdrawals?

8 A. Checks that we sent him.

9 Q. And profits?

10 A. He didn't have any here though.

11 Q. Okay. And how do you know that?

12 A. Because it's zero, and it's blank. So we
13 didn't send out any capital to him.

14 Q. And profits withdrawn?

15 A. Those would be the profits that were made in
16 the account for that period.

17 Q. What would happen when those profits were
18 made?

19 A. The profits withdrawn? We would have sent
20 them to him.

21 Q. What is expected rate of return?

22 A. That's the rate of return that Mr. Madoff
23 told him that he can expect for that year.

24 Q. And the line under it, expected return for
25 366 days?

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1 A. That would be his investment times the
2 22 percent. What it would be approximately for the
3 year.

4 Q. And over/under expected return for current
5 year?

6 A. So he didn't make the 22 percent, he was
7 under the 22 percent.

8 Q. And current equity, what does that refer to?

9 A. That would be what the account value was on
10 December 31st, 1992.

11 Q. And underneath that where it says "beginning
12 credit balance," what does that refer to?

13 A. I guess the same thing as the top, the
14 initial investment. Then annualized rate of return.
15 Oh, it's telling us what -- what he actually made.

16 Q. And what did he actually make this year?

17 A. Well, it says 20.20 percent.

18 Q. And what does projected annualized rate of
19 return mean?

20 A. I think that's what they expected it to be.
21 I'm not really sure.

22 Q. Okay.

23 MS. CHAITMAN: I'm sorry. Where do you
24 see 20.20 percent?

25 MS. BROWN: It's under the annualized

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1 determine that?

2 A. Well, because Bernie is saying this is going
3 to average about 22 percent.

4 Q. Uh-huh.

5 A. And down here it says 20 percent, which is
6 fine. But let's say it's at 50 percent or it's at 2
7 percent, then there might be a problem with something
8 going on either in the program or in the account
9 itself.

10 Q. I'm going to show you what's been marked as
11 Trustee Exhibit 40. Are you familiar with the document
12 that's been marked as Trustee Exhibit 40?

13 A. Yes.

14 Q. And what is that?

15 A. This is also part of the portfolio report.
16 But in this report it just lists the capital coming in
17 and any checks in and out of the account for a given
18 period. This is January 1st to December -- I mean, I
19 don't have a date on this, but I'm going to assume it's
20 the 31st of December because the last check I'm seeing
21 is in December.

22 Q. Was this document generated by the AS/400?

23 A. Yes.

24 Q. And was the document that we looked at in
25 Trustee Exhibit 39 also generated by the AS/400?

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1 A. Yes.

2 Q. Who would generate these documents?

3 A. The keypunch operator would just punch in a
4 code and they would print.

5 Q. And was there a time of year that these --
6 the documents that we're looking at in Trustee
7 Exhibit 39 and 40 were printed?

8 A. Well, as I said, I didn't do this particular
9 portfolio. But I would assume monthly, because mine
10 were done monthly. I think they were all done monthly.

11 Q. But staying with Trustee Exhibit 40, this
12 type of a report reflects the cash movements in the
13 account?

14 A. Yes.

15 MS. CHAITMAN: Can you put a year on
16 this document?

17 MS. BROWN: I don't. But I will
18 shortly.

19 BY MS. BROWN:

20 Q. I want to show you what's been marked as
21 Trustee Exhibit 37. What is Trustee Exhibit 37?

22 A. This is also a ledger sheet.

23 Q. And a ledger sheet is a mirror image of what
24 the customer statement is except for the long and short
25 values?

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1 A. Exactly.

2 Q. And what year is Trustee Exhibit 37 for?

3 A. This is for 1992.

4 Q. And what month?

5 A. This is April 30, 1992.

6 Q. Okay. And if we compare Trustee Exhibit 37
7 with Trustee Exhibit 40 for the month of April, what --
8 do you see corresponding transactions between those
9 documents?

10 A. On April 28th, the profit withdrawn of
11 2,606.03 on both documents.

12 Q. I'm going to show you what's been marked as
13 Trustee Exhibit 38. And what is Trustee Exhibit 38?

14 A. This is also a ledger sheet.

15 Q. What date and what account?

16 A. For June 30, 1992, for Aaron Blecker.

17 B0022-10.

18 Q. And do you see any corresponding transactions
19 between Trustee Exhibit 38 and Trustee Exhibit 40?

20 A. Yes, I do.

21 Q. And what is that?

22 A. On June 16th, a profit withdrawn for
23 2,627.74.

24 Q. And that transaction appears on both the
25 statement in Exhibit 38 and the report in Exhibit 40?

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1 A. Portfolio report, yes.

2 Q. And Exhibit 40 shows the cash movements in
3 the account for that year period?

4 A. Yes.

5 Q. I'm going to show you what's -- we can put
6 these exhibits back -- what's been marked as Trustee
7 Exhibit 44.

8 A. They're sticking together. Okay.

9 Q. Miss Bongiorno, what is Trustee Exhibit 44?

10 A. It's the folder for the -- account folder for
11 Aaron Blecker, revocable trust.

12 Q. And what account number is it?

13 A. 1B0156-30-40.

14 Q. What does the 30-40 represent?

15 A. The 30 is a long position account; the 40 is
16 an option account.

17 Q. If we can turn to the page ending page in
18 126. Can you tell me what this page reflects?

19 A. Yeah. This is a new -- an updated
20 maintenance sheet, like the ones we saw before.

21 Q. And how was this page generated?

22 A. Well, it's a form. We fill it in. And then
23 the girls in the computer room put it into the
24 computer.

25 Q. Uh-huh. Does this page reflect the same type

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1 Q. Okay. I have some specific questions.

2 A. Okay.

3 Q. Just staying with the manual itself, though,
4 do you know where this would have been kept at BLMIS?

5 A. In my cabinet. And in Frank's or Jodi's,
6 when they started really taking over what I was doing.

7 Q. Do you know when that happened?

8 A. I would say -- September 11th was in 2001?

9 MR. RIOPELLE: Uh-huh.

10 A. So I would say in about 2 -- oh, wait a
11 minute. No, it was when I bought the house in Florida.
12 I'm very bad with dates. I really don't remember. It
13 was right about the time I bought the house in Florida,
14 because I was traveling a lot at that point. And they
15 took a lot of my work off my shoulders. So --

16 Q. That was before 2000?

17 A. Yes. It was definitely before 2000.

18 Q. Before 1990?

19 A. I don't think it was before 1990.

20 Q. Okay. So this document would have been -- or
21 a similar document would have been kept in the cabinets
22 for you, Jodi and Frank.

23 A. Uh-huh.

24 Q. If we can turn to the page ending in 545.

25 A. Okay.

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1 Q. And at the top it describes three different
2 books. What are those three books?

3 A. Okay. The check in book was a little -- like
4 a steno notebook. And when the checks came in, they
5 posted them in this notebook and then gave them to the
6 girls to punch up from the notebook.

7 The check out book is the one we've been
8 looking at. That was a regular-size, like letter-size
9 spiral notebook. And the binder with the profit
10 checks, those were the ones that automatically came out
11 of the arbitrage accounts, the ones ending in 10. That
12 was automated, so we didn't have a notebook for that.
13 That went in a binder when it came off the computer.

14 Q. Okay. Can you describe that binder for me,
15 what it looks like?

16 A. It was about, I don't know, maybe -- maybe
17 18 inches long by around 12 inches -- I mean 18 inches
18 wide by about 12 inches long. It had, like, colored
19 plastic on top and it was black, like a very flimsy
20 plastic cover on the front and the back. It was what
21 they put all the green bars, when you file the green
22 bar computer sheets in.

23 Q. Where was the binder with profit checks kept?

24 A. There was a little file room. Well, they
25 were kept there after the checks were done. Before the

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1 checks were done, probably in Joann's office, in Jodi's
2 office, Frank's office, one of the offices.

3 Q. But was there one binder that we're looking
4 at with the profit checks?

5 A. At one point there was one binder. But later
6 on there were three. There might have been one for
7 arbitrage, one for hedges, one for option accounts.
8 Because at -- you know, the way the accounts were
9 divided, when the option accounts started, the
10 arbitrage slacked off until they were done. So, you
11 know, at one point it might have been in Joann's
12 office; another point it might have been in Frank's
13 office.

14 Q. Okay. And in this binder with the green
15 bars; right?

16 A. Uh-huh.

17 Q. The binder had green bar sheets in it?

18 A. Uh-huh.

19 Q. What information was on the green bar sheets?

20 A. The account -- well, the date, the account
21 number, the account name, the profit check for -- which
22 stock the profit check was for, the amount of the
23 check, and that's it.

24 And then on the day the girls might have made
25 some extra notes on the sheet by hand. But that was

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1 all generated by the computer. It was on a sheet
2 similar to that one. You know, those are green bar
3 sheets.

4 Q. Are you referring to this?

5 A. Yes.

6 Q. So the witness is referring to Trustee
7 Exhibit 38, which is the June 1992 sheet for account
8 1B0022.

9 So can you tell me again when you say that
10 it's like this, what do you mean?

11 A. Well, this is what I call the green bar
12 sheet. It was white -- a white line, a green line.
13 They call them green bars, and they come off the
14 computer.

15 Q. It was printed from the AS/400?

16 A. Yes. On that type of sheet.

17 Q. And it was printed on colored paper?

18 A. No. It was white -- a white line, a green
19 line. Yeah.

20 Q. How often were the green bars printed?

21 A. Whenever a trade -- green bars are printed
22 all the time, all day long. So what -- which green
23 bars are you talking about?

24 Q. For the documents that go in the binder with
25 the profit checks, how often would those sheets be

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1 printed?

2 A. Whenever the trade was done that created a
3 profit.

4 Q. Okay. And who would print those sheets?

5 A. One of the girls in the computer room,
6 Alethea Mui, Dorothy Kahn.

7 Q. And who would request the girls in the
8 computer room print those sheets?

9 A. They came out automatically. They didn't
10 need to be requested. They came out with the work.

11 Q. And they were printed when the deal was done?

12 A. Yeah. Because first we would give them the
13 tickets and the tickets would all go in. The trades
14 would be put into the computer. And then the trades
15 would come out. The confirms, the memos, anything that
16 was associated with the trade.

17 And then after those were printed, then it
18 would all print out on green bars. At month end they'd
19 do the statements. And then the green bars for the
20 statements -- or we call them ledger sheets -- so they
21 came out almost after you printed everything. We got
22 sheets on -- to review everything.

23 Q. Okay. So going down the page on 545, what
24 is -- do you see the notation for check codes?

25 A. Yes.

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1 Q. What does check codes refer to?

2 A. The PW, the CW.

3 Q. And if you can just review the description
4 that it has for PW.

5 A. Okay.

6 Q. When it says, "Check that comes from setups
7 and binder are 10 account and always PW," what does
8 that mean?

9 A. Well, the 10 accounts are the arbitrage
10 accounts, and those are always profits withdrawn. If
11 they say PW, they're always profit withdrawn.

12 Q. If they say PW where?

13 A. On that sheet. Or -- yeah, the sheet that
14 comes out that lists the profits that are going to be
15 due on a specific date for the clients, it says PW on
16 those sheets, like the one you showed me that we write
17 up. Some of them we write up. We write them up, and
18 we have to do it manually because there was a problem
19 with the check.

20 It's hard to explain. But it originally,
21 after the trades are done, we would get a ledger sheet
22 out that showed all the profits and the day that they
23 were due.

24 Q. Okay. And that was a document that was
25 generated by the AS/400.

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1 A. That's right.

2 Q. And when you got that document that showed
3 you all the profits that were due, what would you do
4 with that document?

5 A. Put it in date order and then wait until the
6 trade was completely done and then give it to the girls
7 to do the checks on it.

8 Q. Okay. And what role -- or when did the
9 spiral notebook come into that process? Or where does
10 it fit into it?

11 A. Well, the spiral notebook was used before we
12 were automated for a profit withdrawn. But it was used
13 up until the end for any -- any capital withdrawals and
14 any profit withdrawals that didn't go through the
15 regular process. Or like in one of the cases we looked
16 at, where they issued a cancel and then a rebill on the
17 check, that we have to do manually. So that's when we
18 would use that spiral notebook.

19 Q. So the entries that we see in the spiral
20 notebook would generally -- would be manual.

21 A. Right. And before we were automated
22 everything was manual, so we always used that notebook.

23 Q. Okay. So going back to this on page 545,
24 where it says, "on description type check stock name,"
25 where would -- what does that mean?

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1 A. That is correct.

2 Q. Okay. And you testified that, to your
3 knowledge, Mr. Madoff did not require a writing from
4 the customer requesting the profit withdrawals at the
5 opening of the account?

6 A. To my knowledge, no one put that in writing.

7 It was a verbal agreement.

8 Q. Okay. Now, if Mr. Madoff testified to the
9 contrary, that is that in fact he required a writing at
10 the inception of the account from the customer --

11 A. What's --

12 Q. -- would you -- is it your -- would you say
13 that he was lying or that you just didn't understand?

14 A. Mr. Madoff lie?

15 MS. BROWN: Objection.

16 THE REPORTER: I'm sorry --

17 MS. BROWN: I said objection. She
18 said --

19 THE WITNESS: Never mind.

20 A. If he said -- you're asking -- the question
21 is that if he said they had to put it in writing, would
22 I call him a liar?

23 Q. Yes.

24 A. I don't think I'd call him a liar. But
25 that's not the way I understand it, and that's not the